Private Healthcare Australia
Better Cover. Better Access. Better Care.

Health Legislation Amendment (Improving Choice and Transparency for Private Health Consumers) Bill 2026

Senate Community Affairs Legislation Committee

Supplementary submission – April 2026

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About Private Healthcare Australia

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have more than 20 registered health funds throughout Australia as members and collectively represent 99% of people covered by private health insurance. PHA member funds provide healthcare benefits for more than 15 million Australians.

Supplementary submission

PHA welcomed the opportunity to present to the Senate Committee on the *Health Legislation Amendment (Improving Choice and Transparency for Private Health Consumers) Bill 2026* on Tuesday 7 April 2026.

Given the format of the hearing, there was little opportunity to challenge some of the points made by other witnesses and provide a consumer perspective. This supplementary submission provides further information to inform the Committee's deliberations.

Key issues raised by the medical profession

Existing guidelines and practice are enough

Evidence given to the Committee suggested that informed financial consent was the norm, and that consumers are fully informed about costs. The data suggest otherwise.

We note the existing guidance from professional bodies promoting informed financial consent, and welcome the leadership from a number of individuals and organisations.

The consumer experience, demonstrated by research, is that these do not work. More than half of those consumers we surveyed did not know the cost of their care. This is unacceptable.

The professional guidelines are generally sound, but they are often not followed, and do not result in consumers knowing what they will be charged.

One example of poor informed financial consent policies comes from the anaesthetists, who also attract the most complaints on price. The Australian Society of Anaesthetists policy on informed financial consent has a "gold standard", which includes a written quote prior to the day of the procedure – well after the procedure is booked and other arrangements made. Most consumers would consider being told of a large out of pocket fee the day before an operation well shy of a gold standard.

As anaesthetists regularly only reveal their fees to patients a day or two before surgery, patients feel they have to pay whatever is being asked.

There is no informed financial consent, unless the surgeon provides the anaesthetist's price at the same time as the surgical cost (but then, there's still no choice as the surgeon picks the anaesthetist). Informed financial consent means the patient knows how much an operation will cost. When the surgeon is unable to disclose the anaesthetists' fees, the informed financial consent only accounts for part of the service. Surgeons are much more likely to have zero out of pocket costs than anaesthetists.

It's a form of drip pricing. The ACCC is cracking down on drip pricing in a number of other areas. While drip pricing on a concert ticket may add $10-$20 to the price, drip pricing for a private health episode of care can involve hundreds or thousands of dollars.

Last, it's extortionary. You have to have an anaesthetist for the operation – patients can't opt out. If a patient has signed up for a surgery and aren't happy with the quote from the anaesthetist, they have to cancel the operation. The costs in terms of time, money and effort in backing out of surgery late are prohibitively high, particularly as the patient is unwell and has to have the surgery.

One average fee is misleading

The medical profession is arguing that the Department publishing an average fee is misleading, as there can be significant variation.

An average fee provides a clear and simple benchmark to consumers. It will also provide an opportunity for medical practitioners to work harder with consumers and referrers to display their fee structures, for example, by publishing their fee schedules themselves. This should include under which conditions a specialist doctor will bulk bill.

We expect the Medical Cost Finder website to provide more detailed information over time, but simplicity is also a strong virtue valued by consumers.

The legislation provides a baseline and allows the Department to collate information to help inform consumers about prices for medical services. The legislation does not prohibit other data being made available on the Medical Cost Finder website, to provide more context for consumers.

To support the single benchmark price, PHA has suggested to the Department that doctors be able to provide their own cost information on the website – an existing feature which only a handful of doctors have utilised. This will allow for more context, and greater currency should a doctor change their prices.

However, the single benchmark price will help consumers. Consumers understand the concept of an average, and this benchmark can help drive a conversation about costs between a patient and their doctors.

One example we have pulled from our data is instructive. Two surgeons who are both practicing in Queensland's private sector, with neither participating in a health fund gap cover scheme. Surgeon X's fee for a body contouring procedure is $2,287, while surgeon Y's fee for exactly the same procedure is $31,400. And for perspective, the recommended MBS schedule fee for this procedure is $1,382.

Consumers should have this information, to ensure they have fully informed choices.

One submission has stated *"The specialist does not set the fee for in-hospital care"* – arguing that hospital costs payable by the patient are the greatest variation. This is a ludicrous proposition as doctors set their own fees. Mendez et al have clearly refuted this in their recent paper, with a well-referenced section stating, "Even for identical services delivered within the same geographic area, fees can vary dramatically, with little relationship to observable differences in patient complexity or quality of care."[1]

These researchers also highlight that nearly all of the variation in fees charged are due to doctor-led factors. It will be up to doctors to explain why they charge different patients different amounts.

The strongest correlation we can find in the literature and the data are that doctors are more likely to charge more in locations with higher average incomes. For example, the highest out of pocket costs are found in the Australian Capital Territory and the northern suburbs of Sydney.

Medical cost finder will push prices up

This is not the experience in other markets or in other industries. Price transparency tools have improved competition and reduced prices in healthcare markets internationally.

- New Hampshire: the HealthCost price transparency website resulted outpatient imaging services listed on the website being 3% cheaper than services not listed, translating to a 11% reduction in out-of-pocket costs.[2] When hospital price transparency services was available to the whole market, out-of-pocket costs declined 5%, driven by increased price competition among service providers.[3]
- Florida and New York: The costs of publicly disclosed diagnosis groups increased by less than undisclosed groups, by 4-9% in New York hospitals, and 2-8% in Florida hospitals.[4]
- US: People who used a price transparency platform experienced 14% lower costs than people who did not.[5]

Economic theory suggests that a well-designed price transparency tool should improve competition in healthcare markets.

- Informed consumers are critical for markets to function effectively and competitively. Asymmetric information – where buyers and sellers do not have the same information – leads to market failures through inefficiencies and misleading and deceptive conduct for consumers.[6] Price transparency helps to support well-informed consumers.
- In markets that are highly concentrated and where there is a lack of product differentiation, there may be that price transparency facilitates tacit collusion between competitors (e.g., retail petrol stations where there are only a few suppliers in any location).[7] However, markets for

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[1] Méndez, S. J., Yong, J., Scott, A., Prang, K.-H., & Elshaug, A. G. (2025). Price Transparency in Specialist Markets. *Australian Economic Review*, 1-4. doi:https://doi.org/10.1111/1467-8462.70051
[2] Araich, et al. (2023) 'Healthcare price transparency in North America and Europe', *British Journal of Radiology*, 96(1151).
[3] Brown (2019) 'Equilibrium effects of health care price information' *Review of Economics and Statistics*, 101(4); Chen and Miraldo (2022) 'The impact of hospital price and quality transparency tools on healthcare spending: a systematic review', *Health Economics Review*, 62.
[4] Carey and Dor (2020) 'Hospital response to CMS public reports of hospital charge information' *Med Care*,
[5] Whaley, Shneider Chafen and Pinkard (2024) 'Association between availability of health service prices and payments for these services', *JAMA*, 312(16).
[6] This is well established in economic literature. See for example Shogren (2004) *Dynamic efficiencies and workable/effective competition*.
[7] See Byrne and de Roos (2019) 'Learning to Coordinate: A study in retail gasoline', *American Economic Review*, 109:591-619; Tirole (1998) *The theory of industrial organization*; Lewis (2012) 'Price leadership and

doctors are not concentrated, and practitioners can offer differentiated services. With a well-designed price transparency tool,[8] the risk of tacit collusion is relatively low in markets for medical services, but the benefits to competition from well-informed consumers is likely relatively high.

An opaque fee structure allows for cross-subsidisation

The Council of Presidents of Medical Colleges is arguing that Medical Cost Finder may "undermine current cross-subsidisation practices, where higher fees paid by some patients enable specialists to reduce or waive fees for others who are experiencing financial hardship."

The first point to address is that specialists do not waive fees – bulk billing patients mean the patient pays no out of pocket cost while the doctor still gets paid (albeit less). For in-hospital care, doctors who ensure patients have no out of pocket cost receive significantly higher remuneration from that patient's health fund. The suggestion that doctors waive fees is incorrect.

The proportion of out of hospital medical specialist attendances which are bulk billed is very low. Historically the rate of specialist bulk billing is lower than the proportion of Australians with a health care card, unadjusted for the likelihood that Australians with health care cards are more likely to need specialist services.

> The Australian ran a story on this issue on 7 April 2026. A selection of reader comments are reproduced below:
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> *"Access to specialist care shouldn't depend on whether a doctor thinks you look rich."*
>
> *"Australians don't want doctors sizing up their shoes and handbag before deciding the bill."*
>
> *"Secret pricing decided behind closed doors is not compassion — it's opacity."*
>
> *"If doctors are cross-subsidising patients, the public deserves transparency — not guesswork."*
>
> *"Healthcare isn't a charity raffle where affordability depends on who a doctor chooses to help."*
>
> *"Patients expect clinical judgement in the consulting room, not financial judgement."*

It is entirely unclear how these altruistic doctors who provide discounted or bulk-billed services to some patients make the determination as to who is worthy. While some specialists have policies to bulk-bill concession card holders, most of these judgements on who to subsidise appear arbitrary. Patients do not present to the doctor with their tax returns and asset registers in hand in help their doctor determine the fees. PHA is concerned that this practice of clinician judgement as to who to charge what fee could be based on unconscious prejudice or false assumptions.

Many Australians want to make a good impression when presenting for specialist care – they may choose to dress in their finest clothes, wear their best jewellery and take their fanciest handbag to the doctor, creating a false impression of wealth. They may be asset-rich but income-poor, with a nice car but not enough money for petrol. If directly asked by a specialist about their financial

coordination in retail gasoline markets with price cycles', *International Journal of Industrial Organization*, 30:342–351.

[8] For example, a price ceiling may create a 'focal' price which may see prices rise to this focal price. See Knittel and Stango (2003) 'Price ceilings as focal points for tacit collusion: Evidence from credit cards', *American Economic Review*, 93:1703–1729.

circumstances, patients may not understand why the specialist is inquiring about their wealth rather than their health.

PHA would welcome any advice and evidence from medical peak bodies on how doctors determine patients' capacity to pay.

PHA also notes in discussions with medical practitioners, many doctors report they provide bulk-billed services to their professional colleagues. It appears many doctors using the private system do so at no direct cost due to professional courtesy from other doctors, unrelated to capacity to pay.

Conclusion

Objections to Medical Cost Finder are hard to understand in the current environment.

- More than half of Australians do not know the costs of their treatment before commencing care.
- Almost one in three Australians have avoided specialist care because of the cost.
- Transparency will help more people get the health care they need.

The medical profession has been given ample opportunity to fix these problems – either by publishing their fees themselves, or participating in the voluntary Medical Cost Finder as established by the previous government in 2019.

More voluntary codes, claims that the current system is working well for consumers, and a "trust us, we're doctors" mindset is not helping patients receive the information they need to access health care. Calling for more delays, more consultation and less information available to consumers will not serve the public interest.

The current approach by the medical profession on setting fees and failing to provide transparency is preventing access to care for the patients they claim to serve.

Opening remarks to Senate Committee – check against delivery

Thank you for the opportunity to present to the Committee. We represent more than 20 health insurance funds who collectively cover over 15 million Australians with private health insurance – more than 99% of the market.

Private Healthcare Australia knows there are two main concerns with private insurance – the cost of premiums, and out of pocket costs for those who unfortunately need to use their insurance to pay for hospital and medical care.

This legislation is an important step towards restoring affordable access to specialist care and ensuring the private health system remains accessible and sustainable to take pressure off the public system.

Research conducted by Redbridge last year on behalf of PHA shows around 30% of people referred to a medical specialist over the past three years did not attend due to concerns about cost.

More than half of people who attended specialist care over the same period did not know the cost before their appointment, and 38% received an unexpected bill after an appointment.

Greater visibility of fees will help patients compare options, avoid bill shock and make better informed choices – improving attendance at specialist appointments and supporting the sustainability of Australia's mixed public–private health system.

Consumers want transparent, fair and predictable costs when receiving medical treatment. In the randomised sample of more than 4,000 people conducted late last year, support for this measure was overwhelming. Overall, 73% considered it very important, 22% somewhat important, and 3% not important.

These figures did not significantly differ by voting intention, employment status or income. However, people under financial stress were more likely to consider it very important (84%).

Focus groups reported anxiety around hidden fees and a lack of agency in choosing specialists, especially where referrals named only one provider. Publishing actual fees and integrating these data into referral tools will improve consumer agency, reduce bill shock and support informed decision-making.

We look forward to working with the Department of Health to implement this measure as quickly as possible. We are pleased that over time, the framework will allow improvements and refinements that should further empower consumers.

Too many Australians are walking into specialist appointments "in the dark", or worse, not going at all because they're concerned about the potential cost.

The Bill is a necessary reform that will materially improve choice and transparency for consumers. Publishing actual specialist fees through Medical Cost Finder – and integrating those data into routine referral and booking workflows – will reduce missed care, improve patient agency and strengthen the sustainability of Australia's mixed health system. PHA recommends the Bill be passed without amendment.